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BUSINESS

Air India's hidden subsidy shows that the govt uses the company merely as a political tool

In spite of having the most bloated personnel structure in the industry, Air India continues to provide the worst service in the skies.

Garga Chatterjee | July 31, 2016 17:18:57 IST



In spite of having the most bloated personnel structure in the industry, Air India continues to provide the worst service in the skies. Just recently, its on-time performance was shown to be much lower than other carriers that employ far less people per aircraft. In short, Air India does less work through more personnel. And all this colossal waste is funded by public money, that is, money hard earned and produced by you and me. That Air India still continues to be funded by public money with its very high employee per aircraft number and low on time performance is a matter of shame. Any matter of shame, on the part of who are not shameless, would have provoked some action. However, the government seems to be in no mood to stop funding Air India and stop haemorrhaging of public money. Thus, in an age of republicanism and democracy, the expensive Maharajah burns public money like all maharajahs have done in the past. The turbaned Maharajah icon of Air India is now a cruel, cruel joke.



Representational image. Reuters

The amount of subsidy that has been injected into Air India by the people of the various states of the Indian Union is huge. Since the Union government extracts this money

directly from states and puts them in a common pool, this element of states is not apparent. I will discuss later how and why this matters. Since April 2012, the Union government has pumped in more than Rs 22,280 crore to Air India's core equity as part of its turnaround plan. This is part of the Rs 30,000 crore committed to Air India by Union government as part of its turnaround plan. Let's realise what this subsidy is for. This is for passenger air services — a service that less than 5% of the population will ever avail and that too is the top 5% earning group of the population. However, the subsidy for this would come from the people of the states at large and hence, this is the worst form of regressive subsidy where the poor are subsidising a company that provides services to the rich. That this scandal continues in broad daylight is probably a huge sign of the classist nature of public discourse and policy making in the Indian Union.

But there is a huge, huge hidden subsidy that no one talks about and that does not seem to matter. Let me explain by example. I am employed in a government-funded institution. One would think that public funds or government funds, since they are funds of the people, should be held to the highest level of thrift and value-for-money when spending and should not be wasted one bit since I am spending money given in trust by the public. The standards of responsibility would have to be high. So, let's say you want to travel from point A to point B. The best use of public money for such travel is obviously to find the cheapest ticket. However, that's not what Government of India has stipulated.

It says, whatever the cost, the travel has to be on Air India! And Air India is not known for offering cheapest tickets. So for every ticket that is bought by a person of Government of India-funded travel for official duty or otherwise, money is wasted since Air India needs to get the business. Now think of the number of government employees and employees in government-aided institutions including state governments. The number is huge and this huge business goes to Air India without competition, without any concern for saving public money.

This farce of indirectly subsidising Air India by huge amounts goes to even greater farcical and economically damaging lengths when international travel is concerned. Again, any sane individual or institution would opt for cheapest tickets by shortest route. Makes sense, right? Not if the travel is Government of India-funded, that is funded by money managed by Government of India, after the money has been collected from the peoples of the states. So, the travel has to be on Air India, whatever the price. Recently, I checked that on certain India-Europe sectors, lowest Air India economy class fares were double that of the cheapest available option. That is the colossal waste that is done such that Air India receives indirect subsidy. What if Air India does not go to a place? Then one needs to go to the nearest place where Air India goes and from take a flight by one of its codeshare partners to the destination. In short, it does not matter how far from the final destination this "nearest" point is, this is what has to be done. Efficiency, financial management and plain and simple logic be damned.

The Air India subsidy and loot of public funds has now been given a more organised structure through its special Leave Travel Concession (LTC) fares. Tens of lakhs of government employees are eligible for holiday travel cost by air and this too has to be booked by Air India. Shamefully, in this captive market, rather than give discounts to save money, Air India actually charges 50% to even 140% more than normal Air India fares, which are not the cheapest anyway. Should citizens of the Indian Union just stand aside and see this colossal loot happening every day? It is very clear that the Union government ministries are in connivance in this scheme of wasting public money like this through these indirect subsidies to Air India. Does the government have no shame? This Air-India-only

stipulation should be the subject of a Public Interest Litigation (PIL) and must be challenged in court.

The reason that the Union government of India does not want to stop subsidising Air India and divest it is because that will stop the use of Air India as a tool of politics. Air India is subsidised by people of all states of the Indian Union in proportion to the revenue such states produce. Which is why Kolkata and Chennai, both major metros and capitals of states where none of the so-called national parties namely Congress and BJP have held power in the last nearly 50 years or have any chance of winning power in the next 10 years, have no direct connectivity to London, in spite of the respective state government's long standing request on this. Contrast this to the direct flight to London from Gujarat's Ahmedabad, announced by the ex-Chief Minister of Gujarat and the present Prime Minister of the Indian Union during his public rally amongst cheering NRIs in the Wembley stadium of London. Aren't route announcements supposed to be matters of Air India's corporate policy and not a matter of political decision making and announcements? How does Union government get to politically decide where to spend what money, which routes to start where, when the money for Air India comes from all the states of the Indian Union? Air India is a sign of the Union government's limitless power and control over resources of the Indian Union. It is time that the Union government leaves our resources in the states along and stops the present waste of public resources, including indirect subsidies, by selling off Air India to the highest bidder. In a federal democratic republic, the people shouldnt be forced to fund a white elephant called the Maharajah.

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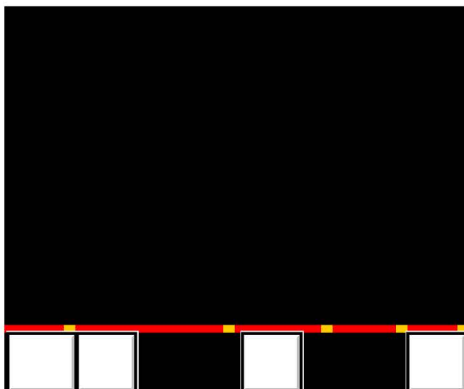
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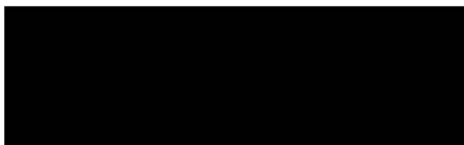
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